

**Dear Mr. President,
Distinguished Members of our Assembly,
Esteemed Honorary Members of the Assembly,
Distinguished Guests and
Valuable Members of the Media,**

Before I share with you my views here at our September Meeting, I would like to extend my respects and cordial greetings to all of you on my own behalf and on behalf of our Board of Directors.

Last week our nation celebrated the Festival of Sacrifice. I extend my best wishes to all of you on this occasion and hope you enjoy many more pleasant festivals.

I must unfortunately mention to you a very sad event that occurred during the Festival of Sacrifice. On the holy soils of Mina on the first day of the Festival, hundreds of pilgrims lost their lives or were injured in a stampede. Although such disasters had occurred before this, it is very sad to see that measures to allow a safe and peaceful organization of the pilgrimage in the holy land have so far not been taken. While calling attention to the need for taking the precautions necessary to end further occurrences of this type of disaster, I offer Allah my prayers to bless the souls of the victims of the incident and wish the injured a speedy recovery.

Other sad news I would like to mention now if I may is the recent death of our Former Members of the Assembly and Board of Directors, Mr. Selahattin Akaydin and Mr. Ahmet

Arkan. These two distinguished businessmen have contributed greatly to our industry and I pray to Allah for their souls and extend my sympathies to their loved ones and to our Organization.

Distinguished President and Members of the Assembly,

As production economics and industrialization has returned to a place of importance in Turkey, we are in a period in which the weaknesses of our production culture must be challenged. Besides this important matter, together with our esteemed guest, we will also be discussing the subject of culture and art from the perspective of historical awareness.

Professor Doctor İskender Pala, distinguished author and academic, is here to contribute to our meeting on "The Eroded Culture of Production and the Yesterday, Today and Tomorrow of Culture and Art in our Lives." Prof. Pala, we are happy to have you with us. We thank you for participating and welcome you.

Distinguished President and Members of the Assembly,

Before expressing to you my thoughts on our main subject on the agenda, I would like to call attention, in the context of the confidence index that was recently announced, to the present picture of the Turkish economy. I think these indicators of this period that we are leaving behind in the third quarter of the year provide important data about

measuring the thoughts and expectations of the business community and consumers on the subject of the economy.

The Real Sector Confidence Index for September displayed a 3.2 percent fall compared to the month before, receding to 99.3. When this index is above 100, this means that the level of confidence in the economy in the real sector is positive. We can see that the index is now below 100 for the first time since November 2009. The reason for the decline of the index is basically the pessimism of representatives of the real sector concerning the "general situation."

The Consumer Confidence Index has been in steep decline for the last 1.5 years and in September, it displayed a drop of 6.1 percent, receding to 58.5. The Consumer Confidence Index is now at its lowest level since January 2009, a period of more than 6.5 years. The fact that these two indicators are at levels that are only encountered in periods of crisis reveals how recent events in the global economy as well as developments in Turkey have damaged the trust felt in the economy.

Lastly, the Economic Confidence Index announced yesterday that reflects the weighted average of the Consumer, Real Sector and other sector confidence indices exhibited a decline of 16.7 percent, falling back to 70.9. Looking retrospectively again, this index too, which has been used since January 2012, is at its lowest level so far.

We believe that the reasons for the pronounced drop in confidence in the economy lie in the general global

atmosphere and also in political and economic developments as well as in the heinous influence of terror in Turkey.

On the global side, it is a fact that developments in the U.S. and China and the rise in perceptions of risk in developing countries have an impact in this context. The developing countries, of which we are one, are expected to experience a slower growth rate in the years ahead. Recently, bankruptcy fears created by the news stories about some international companies have caused brief waves of shock in finance markets, which in turn impacts the confidence felt in the global economy.

Distinguished President and Members of the Assembly,

Scientists estimate that the hunting and gathering period of human history continued for about ten million years. We know that the subsequent transition to agricultural life lasted for eight thousand years, and that two hundred years ago, the industrial revolution led the way to industrial society.

Today, developed societies are going through a post-industrial process in which the focus is on informatics and technology. It is very clear what Turkey must do if it is to join in this process and take its place among the first ten economies in the world: We have to create a production economy with high added value, one that is based on advanced technology, is environment-conscious and sustainable.

To achieve such a transformation in the economy, the first thing that has to be worked on and remedied in Turkey is the weakness of our production culture. If we look at our country's production culture from past to present, we can say that the Ottoman Empire had not been able to keep up with the Industrial Revolution. In the period of the Republic, however, up until the 1980's, Turkey did develop a production culture that was grounded and dependent upon state operations.

The Public Economic Enterprises were instruments of the government's presence in the economy. In the period from the end of World War I up until the 1980's, major investments were carried out--iron and steel plants, refineries, harbors, transportation and infrastructure projects, while the country's first factories were established. The existence in the economy of these enterprises made it possible to some extent for society to develop an understanding of production culture.

Since the beginning of the 1980's, an era of neoliberalism has entered the world scene, signaling a lightening of governmental hold on economies. In Turkey, the concept of development that was based on the decisions of January 24 and the incentivizing of exports in the ensuing period were the first steps in the implementation of neoliberal policies that would pull the private sector into the center of the economy.

While with time, the idea of a planned economy lost its significance, on a global scale, consumption rather than

production began to take center stage. This process brought with it a distorted economic conception of a scheme in which resources were utilized not in line with real needs but according to artificially provoked consumption. In this period, the culture of production suffered enormous erosion around the world.

And if we look into Turkey at this point, since the 1980's, the Turkish economy has steadily drawn away from production while the culture of consumption has grown in significance. This has come to such a point that today we are witnessing a defining of social status based on objects consumed. As a result of the trend that has made places of consumption the most privileged locations in the cities and with the contribution of the media in portraying consumption as a lifestyle, the culture of consumption continues to infiltrate the strata of society and runs even deeper in the segment of the younger population.

The individualistic tendency that has developed in the last thirty years does not serve a culture of production in which collaboration is a requirement. Individuals are rather forming small enterprises largely in the services sector, trying to exist in areas that are farthest from a culture of production.

In this period, it is not production that is in vogue but making a lot of money in as short a time as possible. Meanwhile, heading out for new areas of business is considered too much of a risk and in the name of guaranteeing the small enterprise, revamping and copying of old ideas is what is in demand.

The most important issue that will be challenging societies in the next period will be lethargy. The example of Greece shows exactly how a society that has broken its ties with production can confront so many serious difficulties. At this juncture, we at the Istanbul Chamber of Industry wish to reiterate our disapproval and call your attention to a practice we do not advocate: This is the practice of extending holidays to encompass an entire week, something that has been vigorously critiqued in the past. As industrialists, we are sorry to have seen that this practice was once again invoked on the occasion of the Festival of Sacrifice. "..."

These types of decisions may be related to public enterprises and organizations but they are inappropriate and they lead to a significant loss of productivity in the real economy in terms of planning, budget challenges and working discipline, as well as to a slowing down of the production wheels of industry.

I would like to stress again that when making such critical decisions, the challenging conditions of competition today and the conditions under which we as industrialists work in as we strive to be productive are factors that need to be considered.

Today, the profile of human resources that serve the economies of developed countries focused on production is a **profile of an individual who can capture the optimal, adapt to economic and technological advances and to the changes that these bring with them, an individual that can think for the long term, practice constant self-renewal, who is able to**

collaborate, has the skills to think on a global scale and is aware and productive.

The place that production plays in the Turkish economy is now a position that we can all recognize: The share of the manufacturing sector in the Gross Domestic Product has, if I may repeat it for you here again, unfortunately dropped down as far as 15.8 percent.

As a result, Turkey's tendency to lean toward production is diminishing more and more and our people are seeking the future somewhere else while our production culture continues to decline.

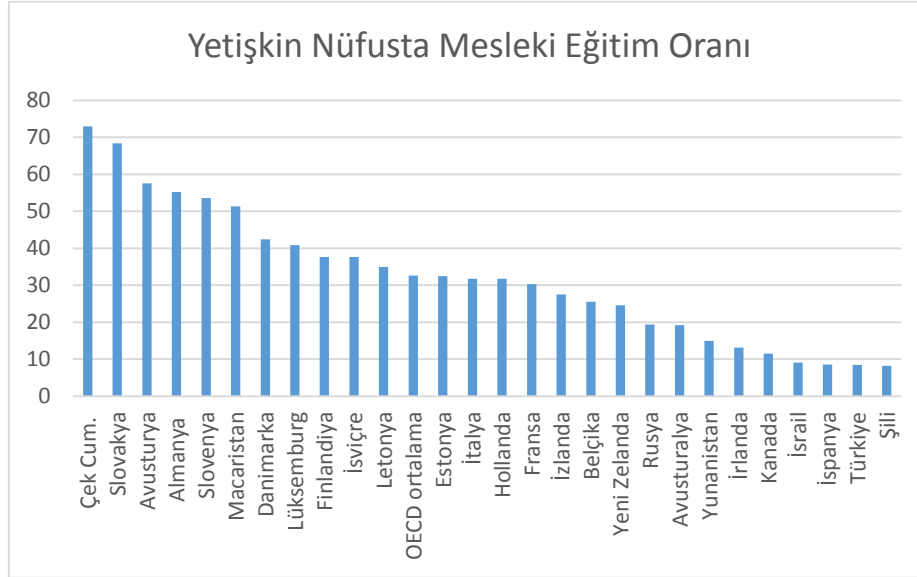
Distinguished President and Members of the Assembly,

Education in Turkey plays a negative role in the development of Production Culture. Its sad but true: The educational system in its entirety in our country is very far away from supporting a culture of production.

As the share of production is declining, the educational system has pushed aside the model of a productive person, concentrating on activities outside of production. With the weak performance of our production-focused human resources, Turkey's economy has turned into an ecosystem in which the production culture has waned.

Studies show that the unemployment rate among Turkey's high school and equivalent graduates is higher than among those with lower levels of education. In other words, the less

qualified find jobs more easily; but these jobs pay less. Qualified graduates are unfortunately directed into jobs that are outside of production. That is, "desk jobs" are the preference.



Source: OECD, 2014

As for vocational training, this branch of education has still not been able to earn a good reputation in Turkey. While vocational training rates in most Middle European and Eastern European countries are around 50 percent, Turkey's rate remains below 10 percent.

The rate of establishment of universities however has soared in the last twenty years. It is a fact, on the other hand, that this rapid growth does not go hand in hand with a growth in production. Newly opened universities liven up the social and economic life of the regions in which they are located and the students that go to school at these institutions join the economic system as consumers. For the course of their education, the role that students assume as consumers is rarely transformed into the role of producer.

The fundamental problem here in short is that education focuses not on being a part of production but rather on ways that production can be avoided.

With the weak production culture that we already have and the erosion that is taking place, the negative role education is playing in this context is something I wish to call your attention to, and I would like to share with you some suggestions as to what must be done at this point.

The concept of an individual and a society whose system of education centers on production, which sees the productive side of the human being, should be developed and education should be provided in line with this concept. The prestige of the Vocational High Schools and Vocational Colleges should be enhanced and these institutions should be restructured.

The high schools and universities should include courses on "production economy and the production culture" in their curriculums. Textbooks should place importance on production culture and underline the importance of production as a value.

Production culture should be encouraged from the standpoint of the law, the media, politics and all other channels that have the capacity to influence society's set of values. In this context, an industry museum on the culture of production should be established as well as activities organized such as thematic exhibits and short film competitions. The culture of production should be referred to

in books and other publications and presented to the reader as an important value.

Television series are very effective today in communicating useful messages. These series are viewed by a wide audience and messages concerning the real economy, real production and production culture are conveyed. The television programs generally portray a business culture that is based on desk or office work. We believe that a new concept that promotes production and the production culture should be promoted.

Young people should be made aware of the concept of production culture through panels, seminars and other activities organized through the collaborative efforts of the National Ministry of Education, the Science, Industry and Technology Ministry, the Ministry of the Economy, the Chambers of Industry and the Universities.

As the Istanbul Chamber of Industry, I will talk to you later about what we can do to further this cause.

Distinguished President and Members of the Assembly,

At the beginning of my talk, I had pointed to the importance of the production economy for Turkey. An issue that is of great importance to us at the Istanbul Chamber of Industry is the question of "what kind of production?" The concept of Integrated Development, which we have been talking about on different platforms over the last two years, presents the answer to this question.

This concept does not consider development to be a matter of production and economy but, just as important, it encompasses the development of human beings, of culture and the arts.

In today's world, it is not only material wealth and earnings that are important, but importance is also placed on culture and the arts. This is so important, in fact, that culture and the arts are the most effective elements in the competition to make brands out of countries and cities.

It is a fact that culture and the arts will thrive only if importance is attached to them. Ibn-i Sina warned centuries ago: "Science and art will abandon places where they are not appreciated." The fact that the first fine arts school in the Ottoman Empire, Sanayi-i Nefise Mektebi, was founded in Istanbul in 1882 is a strong testament to how this warning was heeded.

We must have an understanding of education that will instill a more sensitive approach to the importance of culture and art among the younger generation. In designing the future, young people must be made to understand the significance of history, culture and art.

Distinguished President and Members of the Assembly,

Mustafa Kemal Atatürk said, "Economic development concerns all of the aspects of the nation's life, but it is

especially related to the cultural development of a society and cannot be considered separate from culture."

We at the Istanbul Chamber of Industry most heartily embrace this tenet. And from this as our pivot point, our efforts go to contributing to shaping the profile of a new generation of industrialists who will appreciate the importance of human beings, of art and of culture.

If I were to give you a concrete example of this, it would be to say that as we did at our Industrial Congress of last year, this year too, we are focusing on human beings and culture at the Congress that we will be holding this year on October 8.

The culture of production and transferring this to younger generations will be one of our top priorities. In the context of this subject, we have enlisted the support of the Istanbul Development Agency to initiate ongoing preparations for a project related to industry and our culture of production.

At the same time, our art gallery in our Odakule building is hosting exhibitions of culture and art works while we continue to sponsor various activities in the culture and arts through the Istanbul Chamber of Industry Foundation, particularly in the area of education.

Distinguished President and Members of the Assembly,

As I end my remarks on the main topic on our agenda, I would like to give you some information about our activities this month.

The joint meeting of the Istanbul Chamber of Industry Professional Committees was held on September 11, 2015 with the attendance of our Minister of the Economy, Mr. Nihat Zeybekçi. In line with the cooperation and concept of sustainability fostered by this meeting, a group of our industrialists are gathering together with the officials of the Ministry of the Economy in Ankara this week.

One of our priorities as the Istanbul Chamber of Industry is the matter of training a qualified workforce and we are undertaking various activities in line with this objective. In this context, our cooperation with the Ministry of National Education and the Ministry of Labor and Social Security is of great value to us and our collaborative efforts continue to make a contribution to our industry, to education and to our production.

At this point, we have come to the application stage of the "School-Industry Cooperation Istanbul Model" Project that we have undertaken to take the cooperation between schools and industry in Istanbul to a more functional level. We believe that our project, which includes aspects such as "Technological Cooperation," "Sharing Experiences," and "Employment-focused Cooperation" and enjoys the contribution and collaboration of our stakeholders, will set an example in the sector.

In line with the importance we place on this project, the protocol-signing ceremony will be held with our Minister of National Education and our Minister of Labor and Social Security presiding, at our building at Odakule on October 9, 2015.

I would now like to share with you some information about an upcoming trip: Upon the invitation of our Çanakkale Chamber of Trade and Industry, we are planning a trip to our province of Çanakkale on October 21-22.

The occasion of 2015 being the centennial of our Çanakkale Victory adds a very significant and meaningful flavor to our trip. This is why we would like to encourage a wide participation in the trip, particularly of our Professional Committee Members. I would like to tell you that we will be immensely pleased if you would join us in this trip to Çanakkale, together with your spouses; we will be sharing with you the details of the trip in the coming days.

As a last topic before closing, as I said before, our industry congress will be held on October 8, 2015 at the Haliç Congress Center. We look forward to your joining us at the conference.

Distinguished President, Eminent Members of the Assembly, Valuable Honorary Members and Esteemed Members of the Press,

As I end my remarks, I welcome our Distinguished Guest Professor Doctor İskender Pala once again and extend my best regards and good wishes to all of you on my own behalf and in the name of our Board of Directors.